

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
Division of Workers' Compensation**

INITIAL STATEMENT OF REASONS

Subject Matter of Proposed Amendments to Regulations: Workers' Compensation – Collective Bargaining Agreements

NOTICE IS HEREBY GIVEN that the Administrative Director of the Division of Workers' Compensation (hereinafter "Administrative Director"), pursuant to the authority vested in her by Labor Code sections 59, 133, 3201.5, 3201.7, 3201.9, and 5307.3, has amended and adopted regulations on an emergency basis to implement the provisions of Labor Code section 3201.7, as adopted by Senate Bill 228. (Chapter 639, Stats. of 2003, effective January 1, 2004.)

The regulations amended are in Chapter 4.5, Subchapter 1.8, of Title 8, California Code of Regulations, sections 10200, 10201, 10202.1, 10202, 10203 10203.1, 10203.2 and 10204. These sections concern negotiated provisions for alternative methods of providing workers' compensation benefits, also generally know as "carve-out" programs.

The emergency regulations became effective on April 22, 2004. The purpose of this rulemaking is to amend and adopt the emergency regulations on a permanent basis.

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A public hearing has been scheduled to permit all interested persons the opportunity to present statements or arguments, either orally or in writing, with respect to the subjects noted above. The hearing will be held at the following time and place:

Date: Thursday, July 8, 2004

Time: 10:00 a.m.

Place: Auditorium

**The Governor Hiram Johnson State Office Building
455 Golden Gate Avenue
San Francisco, California 94102**

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BACKGROUND TO REGULATORY PROCEEDING:

Section 3201.7 of the Labor Code, enacted by Senate Bill 228 (Chapter 639, 2003), extends the option to negotiate “labor-management agreements,” or “carve-out” programs to employers in any industry not covered by Section 3201.5, who may negotiate such an agreement with a union with whom the employer has an existing collective bargaining relationship.

Paralleling Labor Code section 3201.5, which allows carve-out programs in the construction industry, Labor Code section 3201.7(a)(3) provides that an employer or groups of employers and a union that is the recognized or certified exclusive bargaining representative may negotiate a labor-management agreement that may include an alternative dispute resolution system (with final decisions subject to WCAB review), an agreed list of medical providers, an agreed list of qualified or agreed medical evaluators, the creation of a joint safety committee, the creation of a return to work program, the creation of a vocational rehabilitation program with an agreed list of rehabilitation providers. Unlike Section 3201.5, however, Section 3201.7(b) provides that employees subject to a section 3201.7 agreement have the right to representation by counsel at all stages during the alternative dispute resolution process.

Labor Code section 3201.7(c) provides that only employers who have annual workers’ compensation premiums of \$50,000 or more and have 50 employees are eligible to establish a carve-out program under section 3201.7. Groups of employers, which may include cities and counties, must have premiums of \$500,000 or more.

To establish a carve-out program under Labor Code section 3201.7 a union must first petition the Administrative Director for permission to negotiate a carve-out program. Section 3201.7(d) requires that the union’s petition specify the bargaining units to be included, the name of the employer or group of employers that will be negotiated with, and provide proof of the union’s status as the exclusive bargaining representative for the employees. The petition must be in “the form designated by the administrative director.” When the union’s status as the exclusive bargaining representative is verified, the Administrative Director will issue a letter advising the union and employer(s) of their eligibility to enter into negotiations for the purpose of establishing a Section 3201.7 carve-out program. The parties may negotiate for a period of one-year, but can jointly ask for an extension of an additional year if necessary.

When a carve-out agreement is reached, before it can take effect (or be continued), Section 3201.7(e) provides that employers must provide the Administrative Director with the carve-out agreement, the number of employees covered by the agreement, a statement that no action has been taken by an administrative agency or court to invalidate the carve-out agreement, and must provide a contact person, and any other information the Administrative Director finds necessary to implement section 3201.7. Section 3201.7(f) requires that unions must provide their current LM-2 or LM-3 filing with the U.S. Department of Labor and identify their respective contact person.

As with Labor Code section 3201.5, Labor Code section 3201.7 provides the Administrative Director the authority to require section 3201.7 programs to provide data on, among other things, the number of claims filed, the average cost of claims, the number of contested and litigated claims, and the number of workers participating in established return to work or vocational

rehabilitation programs. Under Section 3201.7, the Administrative Director must also be provided with information on “overall worker satisfaction.”

The Administrative Director now proposes to amend and permanently adopt the administrative regulations applicable to carve-out agreements for employers in all industries. These proposed regulations implement, interpret, and make specific Labor Code section 3201.7.

1. Section Amended: 10200.

This section provides definitions for key terms relating to carve-out programs under sections 3201.5 and 3201.7 to ensure that their meaning will be clear to the regulated public

Subdivision Amended - Subdivision (a):

Subdivision (a) defines the term “employee” as that term is used in the carve-out regulations.

Specific Purpose of Amendment:

The subdivision is being amended to expand the definition of “employee” to include an employee under a labor-management agreement recognized by the Administrative Director pursuant to Labor Code section 3201.7.

Factual Basis That Amendment is Necessary:

Labor Code section 3201.7 expands the carve-out program beyond the construction industry carve-outs permitted by Labor Code section 3201.5 by allowing an employer in any industry to negotiate a carve-out with a union with whom the employer has an existing collective bargaining relationship.

Subdivision Amended - Subdivision (b):

Subdivision (b) defines the term “employer” as that term is used in the carve-out regulations.

Specific Purpose of Amendment:

The subdivision is being amended to include under the definition of “employer” for the purpose of Labor Code section 3201.7: a private employer, group of employers, or a city or county that is self-insured in compliance with Labor Code section 3700.

Factual Basis That Amendment is Necessary:

Labor Code section 3201.7 expands the carve-out program beyond the construction industry carve-outs permitted by Labor Code section 3201.5 by allowing an employer in any industry to negotiate a carve-out with a union with whom the employer has an existing collective bargaining relationship.

Subdivision Adopted - Subdivision (c):

Subdivision (c) provides a definition for the new term “labor management agreement” (which is also known as a “3201.7 provision”).

Existing subdivisions (c) and (d) are being renumbered to accommodate this new definition.)

Specific Purpose of Adoption:

To include a definition for the terms “labor management agreement” and “3201.7 provision.”

Factual Basis That Adoption is Necessary:

Labor Code section 3201.7 expands the carve-out program beyond the construction industry carve-outs permitted by Labor Code section 3201.5 by allowing an employer in any industry to negotiate a carve-out with a union with whom the employer has an existing collective bargaining relationship.

Subdivision Amended - Subdivision (e):

To expand the definition for the term “union,” as that term is used in the carve-out regulations, to a labor organization that represents employees in any industry.

Specific Purpose of Amendment:

The subdivision is being amended to delete the limitation of the term “union” to only labor organizations that represent employees engaged in construction, construction maintenance, or activities limited to rock, sand, gravel, cement and asphalt operations, heavy-duty mechanics, surveying, or construction inspection.

Factual Basis That Amendment is Necessary:

Labor Code section 3201.7 expands the carve-out program beyond the construction industry carve-outs permitted by Labor Code section 3201.5 by allowing an employer in any industry to negotiate a carve-out with a union with whom the employer has an existing collective bargaining relationship.

In addition, Labor Code section 3201.7 is being added to the reference note. This is a change without regulatory effect, within the meaning of Title 1, California Code Regs., section 100.

2. Section Amended: 10201.

This section sets forth the procedure for recognizing carve-out programs under Labor Code section 3201.5. Unlike Labor Code section 3201.5(d), the new Labor Code section 3201.7 does not have a provision requiring the Administrative Director to issue a “letter of eligibility” to carve-out programs that meet the eligibility requirements of the statute. The proposed amendments clarify that letters of eligibility only apply to construction carve-out programs under

Labor Code section 3201.5.

Subdivision Adopted - Subdivision (e):

The proposed regulatory provision incorporates the into this section the provisions of the prior section 10202, addressing the effect of a letter of eligibility issued under Labor Code section 3201.5 and section 10201 of the regulations.

Specific Purpose of Adoption:

To clarify that letters of eligibility only apply to construction carve-out programs under Labor Code section 3201.5.

Factual Basis That Adoption is Necessary:

Labor Code section 3201.7, unlike Labor Code section 3201.5(d), does not have a provision requiring the Administrative Director to issue a “letter of eligibility” to carve-out programs that meet the eligibility requirements of the statute.

Subdivision Adopted - Subdivision (f):

The proposed regulatory provision provides a method for renewing a letter of eligibility.

Specific Purpose of Adoption:

To allow parties who require additional time to negotiate a carve-out provision to renew their letter of eligibility.

Factual Basis That Amendment is Necessary:

Some parties have been unable to negotiate a carve-out within the time allowed by subdivision (d). This section will allow the parties more negotiating time, while requiring them to update the Administrative Director if there have been any changes in the documents and other evidence required by subdivision (a) of this section.

Subdivision Adopted - Subdivision (g):

The proposed subdivision provides that insurers, self-insured employers, and third party administrators who adjust claims subject to a section 3201.5 provision must comply with other requirements of the Labor Code and regulations promulgated hereunder that are unaffected by section 3201.5. These provisions include the audit regulations promulgated under Labor Code section 129, the benefit notice provisions of Labor Code section 138.4 and the regulations promulgated hereunder, and the Workers’ Compensation Information System mandate of Labor Code section 138.6 and the regulations promulgated hereunder.

Specific Purpose of Adoption:

To clarify for the regulated public that negotiation of a carve-out does not excuse an insurer, self-insured employer, or third party administrator who adjusts claims subject to a section 3201.5 provision must comply with those obligations of the Labor Code and administrative regulations that are not affected by the election to negotiate a “carve-out.” The Labor Code sections and regulations include benefit notice requirements, audit regulations, and the data reporting requirements of the Workers’ Compensation Information System.

Factual Basis That Adoption is Necessary:

Some parties to carve-out agreements erroneously believe that the negotiation of the carve-out excuses them from complying with various statutory and regulatory obligations that are not displaced by the election to participate in a carve-out.

Note: Various typographical errors in Section 10201 of the emergency regulations are also being corrected. While each of the italicized numerals in subdivisions (a)(1)(F) and (H) and (a)(2)(C) was changed to an ordinary digit in the emergency regulations, each digit should also have been followed by a period in order to conform to the Office of Administrative Law’s preferred numbering protocol. This has now been corrected (i.e., “(1)” was changed to “(1.)”). In addition, subdivision (h)(2)(E) of section 10201 is being renumbered as (h)(2)(D). These are changes without regulatory effect, within the meaning of Title 1, California Code Regs., section 100.

Finally, a typographical error in subdivision (a)(1)(F)(4.) was corrected by replacing the word “of” with “or.” This was a nonsubstantial change within the meaning of Title 1, Cal. Code Regs., section 40 as it clarified the regulation, as adopted, without materially altering the requirements, rights, responsibilities, conditions, or prescriptions contained in the original proposed regulatory text.

3. Section Amended: 10202.

Labor Code section 3201.7(d) requires a union that wants to negotiate a section 3201.7 provision to first petition the Administrative Director, using “the form designated by the administrative director,” for permission to negotiate a carve-out program.

The proposed amendment replaces the existing section 10202 (which set forth procedures for obtaining a letter of eligibility for a carve-out under Labor Code section 3201.5 and which is being incorporated into section 10201) with a new section 10202 that sets forth procedures for obtaining permission to negotiate a carve-out program under Labor Code section 3201.7 and the procedures for applying to establish the section 3201.7 provision.

Subdivisions Adopted:

Subdivision (a) requires a union that wants to negotiate a carve-out to submit a “Petition for Permission to Negotiate a Section 3201.7 Labor-Management Agreement” form (DWC Form RGS-1), as contained in proposed section 10202.1.

Subdivision (b) sets forth the procedure under which the Administrative Director issues a letter of eligibility allowing a union to negotiate a 3201.7 provision.

Subdivision (c) provides that the letter of eligibility to negotiate shall remain valid for a period not to exceed one year from the date of issuance, unless an extension is jointly requested by the union and the employer or group of employers.

Subdivision (d) provides that upon receipt of the letter of eligibility to negotiate, the union and employer, or group of employers, may negotiate a 3201.7 provision. A negotiated and signed 3201.7 provision between a union and employer, or group of employers, will be recognized by the Department of Industrial Relations as valid and binding upon application by the parties to the Administrative Director. Subdivision (d) also specifies the documents that an employer, or group of employers, must submit to the Administrative Director with the application for a carve-out program to be recognized under Labor Code section 3201.7.

In addition, in order to correct an omission in the emergency regulations and conform the treatment of unions under Section 10202 (3201.7 carve-outs) to their treatment under Section 10201 (3201.5 carve-outs), the presumption in Section 10201(a)(2)(C)(3.) that a union is bona fide if for a period of five years it has actually entered into collective bargaining agreements with employers in California and has filed all appropriate reports with the United States Department of Labor in that period; and the requirement that if a union is not presumed to be bona fide, it shall present evidence satisfactory to the Administrative Director that it meets the criteria of a bona fide labor organization, are being added as subdivision (d)(2)(C)(3.).

Subdivision (e) provides that every member of a group of employers must maintain separately administered workers' compensation insurance or a self-insurance program distinct from all other types of insurance.

Subdivision (e) provides that any person may submit documents to the Administrative Director that bear on the application of the union and employer, or group of employers and that copies of all such documents received shall be sent to the union and employer, or group of employers, for comment.

Subdivision (g) provides that within 30 days of receipt of a complete application, the Administrative Director shall either (1) issue to the union and employer, or group of employers, a letter recognizing the 3201.7 provision, or (2) deny the application. If the application is denied, the Administrative Director shall inform the union and employer, or group of employers, of the reasons therefor. For good cause and upon written notice to the union and employer, or group of employers, the Administrative Director may extend the periods of notification for an additional 30 days.

Subdivision (h) sets forth the effect of the Administrative Director's recognition. The recognition of the section 3201.7 provision is a determination by the Administrative Director that the parties meet the eligibility requirements of Labor Code section 3201.7. A 3201.7 provision is valid and binding only if there was a complete application filed with the Administrative Director at the time of injury.

Subdivision (i) provides that insurers, self-insured employers, and third party administrators who adjust claims subject to a section 3201.7 provision must comply with other requirements of the Labor Code and regulations promulgated hereunder that are unaffected by section 3201.5. These provisions include the audit regulations promulgated under Labor Code section 129, the benefit notice provisions of Labor Code section 138.4 and the regulations promulgated hereunder, and the Workers' Compensation Information System mandate of Labor Code section 138.6 and the regulations promulgated hereunder.

In addition, a typographical error in the emergency regulations is being corrected. Subdivision (h)(2)(E) is being renumbered as (h)(2)(D). This is a change without regulatory effect within the meaning of Title 1, Cal. Code Regs., section 100.

Specific Purpose of Adoption:

To provide a separate procedure for the regulated public to obtain permission to negotiate and then obtain recognition for a carve-out program negotiated under Labor Code section 3201.7.

Factual Basis That Adoption is Necessary:

Unlike Labor Code section 3201.5(d), the new Labor Code section 3201.7 does not have a provision requiring the Administrative Director to issue a post approval "letter of eligibility" to carve-out programs that meet the eligibility requirements of the statute. Instead, Labor Code section 3201.7 requires a recognized or certified exclusive bargaining representative in an industry not covered by section 3201.5, to file a petition with the administrative director seeking permission to negotiate with an employer or group of employers to enter into a labor-management agreement pursuant to that section. Once negotiated and signed, a 3201.7 provision between a union and employer, or group of employers, will be recognized by the Department of Industrial Relations as valid and binding upon application by the parties to the Administrative Director.

4. Section Adopted: 10202.1.

Labor Code section 3201.7(d) requires a union that wants to negotiate a section 3201.7 provision to first petition the Administrative Director, using "the form designated by the administrative director," for permission to negotiate a carve-out program. The petition must include the bargaining units to be covered, the name of the employer or group of employers, and proof of the union's status as the exclusive bargaining representative for the employees.

This section is the Petition for Permission to Negotiate a Section 3201.7 Labor-Management Agreement (DWC Form RGS-1), required by proposed section 10202(a).

Specific Purpose of Adoption:

The proposed new regulation adopts as a regulation the Petition for Permission to Negotiate a Section 3201.7 Labor-Management Agreement form required by the proposed section 10202(a). The form requires the union to provide specified information concerning the union, the employer(s) with which the union intends to negotiate and the bargaining unit or units to be

covered by the Section 3201.7 labor-management agreement.

Factual Basis That Adoption is Necessary:

Labor Code section 3201.7(d) requires a union who seeks to negotiate a 3201.7 provision with an employer to file a petition with the Administrative Director.

To implement this legislative mandate, and to provide the regulated public with a standardized petition format that includes all the information required by statute and regulations, proposed section 10202(a) requires a union who seeks to negotiate a 3201.7 provision with an employer to file a petition with the Administrative Director using the “Petition for Permission to Negotiate a Section 3201.7 Labor-Management Agreement” form (DWC Form RGS-1).

This section is required to create and adopt as a regulation, the Petition for Permission to Negotiate a Section 3201.7 Labor-Management Agreement (DWC Form RGS-1), required by proposed section 10202(a).

5. Section Amended: 10203

This section requires employers participating in carve-outs pursuant to Labor Code section 3201.5 to report specific claims data to the Administrative Director as required by Section 3201.h(i).

Specific Purpose of Amendment:

The section is being amended to require employers participating in Labor Code section 3201.7 carve-out programs to report specific claims data pursuant to Labor Code section 3201.7(h).

In addition to the amendments to make the section applicable to Labor Code section 3201.7 carve-out programs:

Subdivision (a)(1) is being amended to require claim information to be reported in the first mandatory reporting year and thereafter updated annually in each of the next three calendar years, as required by Labor Code section 3201.9.

Subdivision (a)(2) is being adopted to provide that the information required to be reported may either be: (1) submitted on a form prescribed by the Administrative Director; or, (2) collected by the Administrative Director directly from the claims administrator pursuant to a written authorization provided by the employer. (If the administrative director is unable to obtain the information with the written authorization, the subdivision provides that the employer shall remain responsible for obtaining and submitting the information.)

Subdivision (b) is being amended to require employers to provide additional program information, including:

- in subdivision (b)(4), the certificate number of a self-insured employer;
- in subdivision (b)(11), the nature and the stages of any alternative dispute resolution

- system that exists instead of or in addition to arbitration and mediation;
- in subdivision (b)(16), the number of employees who participate in a return to work program; and
- in subdivision (b)(17), for section 3201.7 programs only, an employee survey measuring worker satisfaction with the program's alternative dispute resolution procedures.

Existing subdivision (b)(12) is being repealed (and the following subdivisions renumbered accordingly) as it has been rendered unnecessary by the amendment to subdivision (a)(1).

To improve its clarity, renumbered subdivision (b)(12) is being amended to clarify that the "number" of each application filed with the appeals board is the case number.

Subdivision (b)(14) is being amended to correct a typographical error in the existing regulation's reference to the United States Department of Labor OSHA Form from form number 200 to form number 300.

Subdivision (d) is being amended to clarify that employers participating in a carve-out are subject to the reporting requirements of the Workers' Compensation Information System.

Finally, Labor Code sections 3201.7 and 3201.9 are being added to the reference note. This is a change without regulatory effect, within the meaning of Title 1, California Code Regs., section 100.

Factual Basis That Amendment is Necessary:

This section currently requires employers participating in carve-outs pursuant to Labor Code section 3201.5 to report data to the Administrative Director to allow the Administrative Director to compile the report required by section 3201.h(i).

Labor Code section 3201.7(h) now imposes a similar requirement on the Administrative Director to compile a report on employers participating in Labor Code section 3201.7 carve-out programs, but adds additional data elements unique to Section 3201.7 carve-out programs.

The addition to subdivision (b)(4) of the certificate number of self-insured employers is necessary in order to allow the Administrative Director to determine whether the employer is in compliance with Labor Code section 3700.

The addition to subdivision (b)(11) of the nature and the stages of any alternative dispute resolution system that exists instead of or in addition to arbitration and mediation is necessary in order to anticipate the creation of an alternative dispute resolution system, other than arbitration and mediation, as permitted by Labor Code sections 3201.5(a)(1) and 3201.7(a)(3)(A).

The addition to subdivision (b)(16) of the number of employees who participate in a return to work program is necessary in order to allow the Administrative Director collect data concerning the return to work program created by Labor Code section 139.48 (enacted by Senate Bill 228. (Chapter 639, Stats. of 2003, effective January 1, 2004.)

The addition to subdivision (b)(17) (for section 3201.7 programs only) of an employee survey measuring worker satisfaction with the program's alternative dispute resolution procedures is necessary for the Administrative Director to comply with the mandate of Labor Code section 3201.7(h)(10).

6. Sections Adopted: 10203.1 and 10203.2

Labor Code sections 3201.5(i) and 3201.7(h) require the Administrative Director to compile an annual report with specified data obtained from employers participating in carve-out programs under these statutes.

In order to comply with the mandates of Labor Code sections 3201.5(i) and 3201.7(h), the Administrative Director promulgated section 10203 to require employers participating in a carve-out to submit annual reports containing the information required by Labor Code sections 3201.5(i) and 3201.7(h).

Specific Purpose of Adoption:

To provide the regulated public with a standardized reporting format that includes all the information required to be reported under the applicable statutes and regulations the Administrative Director designed the DWC Form GV-1 or DWC Form GV-2 forms.

Section 10203.1 is the Aggregate Employer Annual Report (DWC Form GV-1), the use of which complies with the reporting requirements of section 10203(a)(2)(A).

Section 10203.2 is the Individual Employer Annual Report (DWC Form GV-2) the use of which complies with the reporting requirements of 10203(a)(2)(A).

Factual Basis That Adoption is Necessary:

Adoption of these forms will facilitate the Administrative Director's collection of the data required to comply with the mandate of Labor Code sections 3201.5(i) and 3201.7(h) and provide the regulated public with a standardized reporting format that includes all the information required by the statutes and regulations.

Note: The spacing and alignment of the text on each form was revised slightly from the version adopted on an emergency basis. The word "construction" was also added to each portion of the forms intended to be used by employers party to a Section 3201.5 carve-out to identify the nature of their principal business. The forms adopted on an emergency basis omitted the choice of "construction" and would have required an employer to circle only the word "construction" in the choices of "construction maintenance" or "construction inspection." (Section 3201.5 carve-outs are limited to employers in construction, construction maintenance, or activities limited to rock, sand, gravel, cement and asphalt operations, heavy-duty mechanics, surveying, or construction inspection.)

These changes were made to make the forms easier to use by the regulated public. The substantive content of the forms was not changed. These revisions were nonsubstantial changes

within the meaning of Title 1, Cal. Code Regs., section 40 as they clarified the regulations, as adopted, without materially altering the requirements, rights, responsibilities, conditions, or prescriptions contained in the originally proposed regulatory text.

7. Section Amended: 10204.

The existing section requires construction carve-out programs recognized under Labor Code section 3201.5 to submit annual updates to their initial application, and provides that a program's letter of eligibility may be revoked if the program fails to submit either the updates required by this section or the claim information required by section 10203.

Specific Purpose of Amendment:

The section's provisions are being expanded to carve-out programs recognized under Labor Code section 3201.7

In addition, Labor Code sections 3201.7 and 3201.9 are being added to the reference note. This is a change without regulatory effect, within the meaning of Title 1, California Code Regs., section 100.

Factual Basis That Amendment is Necessary:

In order to ensure that carve-out programs under Labor Code section 3201.7 comply with the reporting requirements imposed on them by the Labor Code and regulations, it is necessary to subject them to the same enforcement mechanism available to the Administrative Director to ensure compliance by carve-out programs under Labor Code section 3201.5.

TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS

The Division did not rely upon any technical, theoretical, or empirical studies, reports, or documents in proposing the above-identified amendments.

SPECIFIC TECHNOLOGIES OR EQUIPMENT:

The proposed regulations do not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES TO THE PROPOSED AMENDMENTS AND REASONS FOR REJECTING THOSE ALTERNATIVES

The Administrative Director has not identified any effective alternatives, or any equally effective and less burdensome alternatives at this time. The public is invited to submit such alternatives during the public comment process.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS

The Division is not aware of any adverse impacts on small business. Thus, the Division has not identified any alternatives that would lessen any adverse impact on small business. The Division invites the public to submit information on possible adverse impacts on small businesses, and propose alternatives that would lessen any adverse impact on small business during the public comment periods for this rulemaking of comments identifying.

EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON ANY BUSINESS

The regulations implement a statute designed to provide substantial cost savings for unionized employers without reducing benefits that are promised to injured workers under existing law. This is primarily accomplished by reducing disputes in medical treatment through a negotiated exclusive list of medical providers and evaluators, and by reducing litigation costs through an alternative resolution system instead of through the often lengthy proceedings involved in resolving a claim before the Workers' Compensation Appeals Board.

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